



OFFICE OF  
INSURANCE COMMISSIONER

In the Matter of

The Financial Examination of  
**WASHINGTON DENTAL SERVICES**

A Registered Health Care  
Service Contractor.

No. G06-5

)  
)  
) FINDINGS, CONCLUSIONS,  
) AND ORDER ADOPTING REPORT  
) OF  
) FINANCIAL EXAMINATION

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**BACKGROUND**

An examination of the financial condition of **WASHINGTON DENTAL SERVICES** (the Company) as of December 31, 2002, was conducted by examiners of the Washington State Office of the Insurance Commissioner (OIC). The Company holds a Washington certificate of authority as a health care service contractor. This examination was conducted in compliance with the laws and regulations of the state of Washington and in accordance with the procedures promulgated by the National Association of Insurance Commissioners and the OIC.

The examination report with the findings, instructions, and comments and recommendations was transmitted to the Company for its comments on January 17, 2006. The Company's response to the report is attached to this order only for the purpose of providing convenient review of the response.

The Commissioner or a designee has considered the report, the relevant portions of the examiners work papers, and submissions by the Company.

Subject to the right of the Company to demand a hearing pursuant to Chapters 48.04 and 34.05 RCW, the Commissioner adopts the following findings, conclusions, and order.

**FINDINGS**

Findings in Examination Report. The Commissioner adopts as findings the findings of the examiners as contained in pages 1 through 15 of the report.

## CONCLUSIONS

It is appropriate and in accordance with law to adopt the attached examination report as the final report of the financial examination of **WASHINGTON DENTAL SERVICES** and to order the Company to take the actions described in the Instructions and Comments and Recommendations sections of the report. The Commissioner acknowledges that the Company may have implemented the Instructions and Comments and Recommendations prior to the date of this order. The Instructions in the report are an appropriate response to the matters found in the examination.

## ORDER

The examination report as filed, attached hereto as Exhibit A, and incorporated by reference, is hereby ADOPTED as the final examination report.

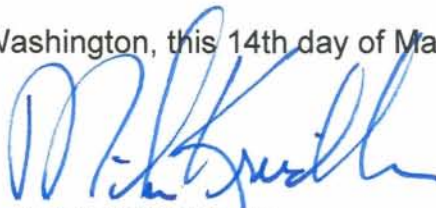
The Company is ordered as follows, these being the Instructions and Comments and Recommendations contained in the examination report on pages 1-4.

1. The Company is ordered to maintain a written record showing the authorization of investments by an officer of the Company pursuant to RCW 48.13.350. Instruction 1, Examination Report, page 1.
2. The Company is ordered to have all investment transactions authorized or approved by its Board of Directors (BOD) or by a committee charged by the BOD pursuant to RCW 48.13.340. The minutes of any such committee shall be recorded and reports thereof shall be submitted to the BOD for approval or disapproval pursuant to RCW 48.13.340. Instruction 2, Examination Report, page 2.
3. Pursuant to RCW 48.13.450, the Company is ordered to secure an authorized custodian. Instruction 3, Examination Report, page 2.
4. The Company is ordered to include descriptions of the method(s) used in computing depreciation and amortization with respect to major classes of depreciable assets, electronic data processing equipment, and software as required in SSAP No. 16, pursuant to WAC 284-07-050. Instruction 4, Examination Report, page 2.
5. The Company is ordered to disclose the depreciation and amortization for the current year in accordance with SSAP No. 19, paragraph 14, and pursuant to WAC 284-07-050. Instruction 5, Examination Report, page 2.

6. The Company is ordered in future filings to file Form B in accordance with WAC 284-18A-920 and to file timely Forms B and C pursuant to RCW 48.31C.040. Instruction 6, Examination Report, page 3.
7. The Company is ordered to follow the NAIC Annual Statement Instructions in accordance with WAC 284-07-050(2) in its recording of claims liabilities. Instruction 7, Examination Report, page 3.
8. The Company is ordered to follow the NAIC Annual Statement Instructions in accordance with WAC 284-07-050(2) in completing Schedule Part 2C, Development of Paid and Incurred Claims. Instruction 8, Examination Report, page 3.
9. The Company is ordered to have the directors, vice presidents, executive staff, and other key employees of the Company complete a conflict of interest disclosure statement annually. Comments and Recommendations, Examination Report, page 4.

IT IS FURTHER ORDERED THAT, the Company file with the Chief Examiner, within 90 days of the date of this order, a detailed report specifying how the Company has addressed each of the requirements of this order.

ENTERED at Olympia, Washington, this 14th day of March, 2006.



MIKE KREIDLER  
Insurance Commissioner